

**Butzlaff, Kathy - PSC**

**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Monday, November 09, 2009 4:23 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** RE: 3720-WR-107 Expenses  
**Attachments:** KB\_Milwaukee Questions 2010 TY 2.doc; KB\_Expenses\_Followup.xls; KB\_Motor Vehicle.pdf; KB\_Pavement Cut.pdf; KB\_GASB 45.pdf

Note attachments. I will also be sending you 4 emails. Let me know if you have further questions.

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

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**From:** Butzlaff, Kathy - PSC [mailto:Kathy.Butzlaff@wisconsin.gov]  
**Sent:** Thu 11/5/2009 10:51 AM  
**To:** Ignatowski, Timothy  
**Subject:** RE: 3720-WR-107 Expenses

Hi Tim,

I have attached a few follow-up questions for expenses. The shortest question is on Account 926, but this is probably where I am looking for the most information to support the additional \$1.8 million in expenses.

If you could supply answers sometime next week, that would be great.

Thanks, Kathy

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**From:** Ignatowski, Timothy [mailto:Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Wednesday, October 21, 2009 9:10 AM  
**To:** Butzlaff, Kathy PSC  
**Subject:** 3720-WR-107 Expenses

Note attached.

Tim Ignatowski  
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Milwaukee Water Works  
841 N. Broadway - Room 409  
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Milwaukee Water Utility  
3720-WR-107  
Follow-Up Questions Regarding Rate Increase - Expenses

1. Account 623 – Your revised 3% increases result in estimates of \$5,058,150 for 2009 and \$5,209,894 for 2010. The August 2009 expense annualized is \$4,861,000. With decreasing sales offsetting the increasing electricity cost, I have a preliminary 2010 estimate of about \$4,800,000. Please take a closer look at this account including what expenses are through October 2009 and what exactly you expect for an increase from WE Energies.

**Answer – Upon further review, I am estimating \$4,900,000 for 2009 and \$5,000,000 for 2010. The electric expense is about the same as last year at this time even though consumption is down about 617 million gallons compared to last year. Note attached file “KB\_Expenses\_Followup” (worksheets PSC 623 and Sales Comparison). Also note the forwarded email from Connie Carncross of We Energies (the estimated rate increase for 2010 is 2.8%).**

2. Okay.
3. Okay.
4. Accounts 673 and 675 – These accounts vary each year depending on how main breaks and services are repaired. How long has the City billed for Motor Vehicles and Payment Cuts? Did the 2008 charges increase due to more repairs or higher charge rates by the City? Please provide some support for how the City charges for these services and any increases in the charge rates.

**Answer – The City of Milwaukee has been billing us for a very long time (at least 50 years). The main cause for the motor vehicle increase was the rise in fuel cost. Note the pdf file “Motor Vehicle”. The main cause for the pavement cut increase was due to a change in the way that the Department of Public Works bills us. Note the pdf file “Pavement Cut” and the forwarded email from Dan Rotar of DPW.**

5. Okay.
6. Okay.
7. Account 923 – The 2008 amount of \$862,730 does not appear to include the \$321,000 in sewer charges or the \$258,000 in 2007 Employee Relations charges. If these are added the total of \$1,441,730 does not match the 2008 annual report total of \$1,311,050. Please reconcile this on KB\_PSC\_ 923. Also, does the 2009 estimate on this sheet include sewer charges? If not, please add these.

**Answer – The \$258,000 was posted after the 2007 PSC Annual Report was filed (for 2007 business). Note the PSC 2008 Report, Schedule F-2, Copy 3, line 27. Note attached file “KB\_Expenses\_Followup” (worksheet PSC 923 Revised). The estimated expenses should be revised to 1,476,000 for 2009 and 1,558,000 for 2010.**

8. Account 926 – Please provide additional explanations and documentation for the \$790,290 GASB 45 entry and the new \$1,018,451 payment to the City pension fund.

**Answer – Note attached pdf file “GASB 45” for the \$790,000. Note the forwarded email from Menbere Medhin (Water Accounting Manager) for the payment to the City of Milwaukee pension fund.**

9. Taxes and the Property Tax Equivalent -

- a. Now that a few more weeks have passed, do have any estimates of the tax rates and assessment ratio for this year?
- b. In particular, why are the increases on the budget sheet you supplied so high in 2010 compared to 2008? The Local Tax Rate went up 9%, the MATC Tax Rate went up 11%, and the School Tax Rate went up 19%.
- c. How did you estimate the \$1,200,000 for Social Security Taxes on Attachment 8? This is an increase of 7.2% over 2008. Are labor costs increasing that much?

**Answer – Note the forwarded email from Linda Radmer of the Comptroller’s Office for parts a and b. For part c, it should be revised due to the recent labor agreement with District Council 48. It consists of retroactive raises of 2% a year for 2007, 2008, and 2009. However, management didn’t receive a cost of living raise this year. So, 6% retro pay less 1% (furlough days and budget cuts) would equal an estimated 5% raise. A revised estimate for 2009 should be 1,175,000 (1,118,976 times 1.05%). For 2010, it should be the same figure. DC 48 and management will have a wage freeze in effect.**

**Tim Ignatowski – Milwaukee Water Works  
11/9/09**





Project	Account	Fund	Sum Amount	Sum Total Amt	Period	Program	Year	Dept	Stat
WK52311012	600101	0001	\$0.00	144.000	4	4953	2008	5235	HRS
WK52311012	600101	0001	\$0.00	1139.500	6	4953	2008	5235	HRS
WK52311012	600101	0001	\$0.00	1887.000	5	4953	2008	5235	HRS
WK52311012	600101	0001	\$2,962.05	2962.050	4	4953	2008	5235	
WK52311012	600101	0001	\$20,838.43	20838.430	6	4953	2008	5235	
WK52311012	600101	0001	\$34,890.41	34890.410	5	4953	2008	5235	
WK52311012	602701	0001	\$721.86	721.860	4	4953	2008	5235	
WK52311012	602701	0001	\$5,078.33	5078.330	6	4953	2008	5235	
WK52311012	602701	0001	\$8,502.79	8502.790	5	4953	2008	5235	
WK52311012	618001	0001	\$1,702.29	1702.290	4	4953	2008	5235	
WK52311012	618001	0001	\$11,975.85	11975.850	6	4953	2008	5235	
WK52311012	618001	0001	\$20,051.52	20051.520	5	4953	2008	5235	
WK52311012	631005	0001	\$194.27	194.270	5	4952	2008	5235	
WK52311012	631005	0001	\$351.70	351.700	6	4951	2008	5235	
WK52311012	631005	0001	\$30,511.05	30511.050	6	4953	2008	5235	
WK52311012	631005	0001	\$54,389.69	54389.690	4	4953	2008	5235	
WK52311012	631005	0001	\$64,923.80	64923.800	5	4953	2008	5235	
WK52311012	631006	0001	\$53.81	53.810	5	4953	2008	5235	
WK52311012	631006	0001	\$112.20	112.200	6	4953	2008	5235	
WK52311012 Total			\$257,260.05						0
WK52311013	600101	0001	\$0.00	2007.600	4	4953	2008	5235	HRS
WK52311013	600101	0001	\$0.00	2977.200	6	4953	2008	5235	HRS
WK52311013	600101	0001	\$0.00	3849.600	5	4953	2008	5235	HRS
WK52311013	600101	0001	\$41,710.02	41710.020	4	4953	2008	5235	
WK52311013	600101	0001	\$59,360.58	59360.580	6	4953	2008	5235	
WK52311013	600101	0001	\$76,593.30	76593.300	5	4953	2008	5235	
WK52311013	602701	0001	\$10,164.73	10164.730	4	4953	2008	5235	
WK52311013	602701	0001	\$14,466.17	14466.170	6	4953	2008	5235	
WK52311013	602701	0001	\$18,665.79	18665.790	5	4953	2008	5235	
WK52311013	618001	0001	\$23,970.75	23970.750	4	4953	2008	5235	
WK52311013	618001	0001	\$34,114.53	34114.530	6	4953	2008	5235	
WK52311013	618001	0001	\$44,018.17	44018.170	5	4953	2008	5235	
WK52311013	631004	0001	\$459.48	459.480	5	4953	2008	5235	
WK52311013	631005	0001	\$338.04	338.040	5	4951	2008	5235	
WK52311013	631005	0001	\$2,737.25	2737.250	4	4953	2008	5235	
WK52311013	631005	0001	\$35,274.51	35274.510	6	4953	2008	5235	
WK52311013	631005	0001	\$45,760.54	45760.540	5	4953	2008	5235	
WK52311013	631007	0001	\$176.96	176.960	6	4953	2008	5235	
WK52311013	631007	0001	\$200.22	200.220	4	4953	2008	5235	
WK52311013	631007	0001	\$337.40	337.400	5	4953	2008	5235	
WK52311013 Total			\$408,348.44						0
WK52311014	600101	0001	\$0.00	262.400	4	4953	2008	5235	HRS
WK52311014	600101	0001	\$0.00	762.500	6	4953	2008	5235	HRS
WK52311014	600101	0001	\$0.00	919.500	5	4953	2008	5235	HRS
WK52311014	600101	0001	\$4,818.44	4818.440	4	4953	2008	5235	
WK52311014	600101	0001	\$14,016.55	14016.550	6	4953	2008	5235	
WK52311014	600101	0001	\$17,420.82	17420.820	5	4953	2008	5235	
WK52311014	602701	0001	\$1,174.26	1174.260	4	4953	2008	5235	
WK52311014	602701	0001	\$3,415.83	3415.830	6	4953	2008	5235	

WK52311014	602701	0001	\$4,245.46	4245.460	5 4953	2008 5235	
WK52311014	618001	0001	\$2,769.15	2769.150	4 4953	2008 5235	
WK52311014	618001	0001	\$8,055.31	8055.310	6 4953	2008 5235	
WK52311014	618001	0001	\$10,011.74	10011.740	5 4953	2008 5235	
WK52311014	631005	0001	\$207.00	207.000	4 4953	2008 5235	
WK52311014	631005	0001	\$3,970.73	3970.730	6 4953	2008 5235	
WK52311014	631005	0001	\$6,432.38	6432.380	5 4953	2008 5235	
WK52311014	631006	0001	\$3,462.20	3462.200	5 4953	2008 5235	
WK52311014	632008	0001	\$538.00	538.000	4 4953	2008 5235	
WK52311014	632008	0001	\$807.00	807.000	5 4953	2008 5235	
WK52311014	632008	0001	\$1,740.00	1740.000	6 4953	2008 5235	
WK52311014	Total		\$83,084.87				0
WK52311015	600101	0001	\$0.00	34.500	4 4953	2008 5235	HRS
WK52311015	600101	0001	\$0.00	472.500	5 4953	2008 5235	HRS
WK52311015	600101	0001	\$0.00	543.000	6 4953	2008 5235	HRS
WK52311015	600101	0001	\$632.03	632.030	4 4953	2008 5235	
WK52311015	600101	0001	\$8,666.61	8666.610	5 4953	2008 5235	
WK52311015	600101	0001	\$9,733.69	9733.690	6 4953	2008 5235	
WK52311015	602701	0001	\$154.03	154.030	4 4953	2008 5235	
WK52311015	602701	0001	\$2,112.06	2112.060	5 4953	2008 5235	
WK52311015	602701	0001	\$2,372.10	2372.100	6 4953	2008 5235	
WK52311015	618001	0001	\$363.23	363.230	4 4953	2008 5235	
WK52311015	618001	0001	\$4,980.70	4980.700	5 4953	2008 5235	
WK52311015	618001	0001	\$5,593.96	5593.960	6 4953	2008 5235	
WK52311015	631005	0001	\$6,029.25	6029.250	5 4953	2008 5235	
WK52311015	631005	0001	\$11,759.68	11759.680	6 4953	2008 5235	
WK52311015	Total		\$52,397.34				0
Grand Total			\$801,090.70				0



Fund	Dept	Program	Account	Period	Year	Sum Monetary Amount	Description	Voucher	ShortName
0410	6412	5121	631502	1	2008	204,823.10	Electric Expenses 1/08	00807776	WE ENER-001
0410	6416	5122	631502	1	2008	170,486.65	Electric Expenses 1/08	00807776	WE ENER-001
0410	6416	5123	631502	1	2008	55,204.21	Electric Expenses 1/08	00807776	WE ENER-001
0410	6412	5121	631502	2	2008	223,595.44	Electric Expense 02/08	00813319	WE ENER-001
0410	6416	5122	631502	2	2008	78,432.53	Electric Expense 02/08	00813319	WE ENER-001
0410	6416	5123	631502	2	2008	50,392.90	Electric Expense 02/08	00813319	WE ENER-001
0410	6412	5121	631502	3	2008	218,563.45	Electric Expense 3/08	00820843	WE ENER-001
0410	6416	5122	631502	3	2008	119,621.87	Electric Expense 3/08	00820843	WE ENER-001
0410	6416	5123	631502	3	2008	53,679.74	Electric Expense 3/08	00820843	WE ENER-001
0410	6412	5121	631502	4	2008	200,340.24	Electric Expenses 4/08	00829077	WE ENER-001
0410	6416	5122	631502	4	2008	178,849.02	Electric Expenses 4/08	00829077	WE ENER-001
0410	6416	5123	631502	4	2008	49,493.51	Electric Expenses 4/08	00829077	WE ENER-001
0410	6412	5121	631502	5	2008	207,811.58	Electric Expense 05/08	00835471	WE ENER-001
0410	6416	5122	631502	5	2008	129,136.19	Electric Expense 05/08	00835471	WE ENER-001
0410	6416	5123	631502	5	2008	42,520.28	Electric Expense 05/08	00835471	WE ENER-001
0410	6412	5121	631502	7	2008	222,846.51	Electric 6/08	00841681	WE ENER-001
0410	6412	5121	631502	7	2008	241,900.56	Electric Expense 07/08	00847635	WE ENER-001
0410	6416	5122	631502	7	2008	133,411.32	Electric 6/08	00841681	WE ENER-001
0410	6416	5122	631502	7	2008	131,635.60	Electric Expense 07/08	00847635	WE ENER-001
0410	6416	5123	631502	7	2008	42,582.04	Electric 6/08	00841681	WE ENER-001
0410	6416	5123	631502	7	2008	48,379.79	Electric Expense 07/08	00847635	WE ENER-001
0410	6412	5121	631502	8	2008	221,559.48	Electric Expense 8/08	00854560	WE ENER-001
0410	6416	5122	631502	8	2008	143,508.80	Electric Expense 8/08	00854560	WE ENER-001
0410	6416	5123	631502	8	2008	46,877.97	Electric Expense 8/08	00854560	WE ENER-001
0410	6412	5121	631502	9	2008	249,162.11	Electric Expense 09/08	00862219	WE ENER-001
0410	6416	5122	631502	9	2008	232,101.73	Electric Expense 09/08	00862219	WE ENER-001
0410	6416	5123	631502	9	2008	10.12	Electric Expense 08/08	00859933	WE ENER-001
0410	6416	5123	631502	9	2008	62,676.03	Electric Expense 09/08	00862219	WE ENER-001
0410	6412	5121	631502	10	2008	211,922.40	Electric Expense 10/08	00868446	WE ENER-001
0410	6416	5122	631502	10	2008	87,696.84	Electric Expense 10/08	00868446	WE ENER-001
0410	6416	5123	631502	10	2008	38,476.48	Electric Expense 10/08	00868446	WE ENER-001
<b>4,097,698.49 thru Oct</b>									
0410	6412	5121	631502	11	2008	224,371.61	Electric Expense 11/08	00876154	WE ENER-001
0410	6416	5122	631502	11	2008	130,910.40	Electric Expense 11/08	00876154	WE ENER-001
0410	6416	5123	631502	11	2008	37,275.53	Electric Expense 11/08	00876154	WE ENER-001
0410	6412	5121	631502	12	2008	196,260.51	Electric Expense 12/08	00883307	WE ENER-001
0410	6416	5122	631502	12	2008	178,819.47	Electric Expense 12/08	00883307	WE ENER-001
0410	6416	5123	631502	12	2008	45,488.81	Electric Expense 12/08	00883307	WE ENER-001
<b>813,126.33</b>									
<b>4,910,824.82 2008 PSC 623 Expense</b>									
0410	6412	5121	631502	1	2009	232,593.66	Electric Expense 1/09	00890393	WE ENER-001
0410	6416	5122	631502	1	2009	137,706.78	Electric Expense 1/09	00890393	WE ENER-001
0410	6416	5123	631502	1	2009	61,722.29	Electric Expense 1/09	00890393	WE ENER-001
0410	6412	5121	631502	3	2009	193,222.40	Electric Expense 2/09	00897523	WE ENER-001
0410	6412	5121	631502	3	2009	162,230.78	Electric Expense 03/09	00904155	WE ENER-001
0410	6416	5122	631502	3	2009	130,841.66	Electric Expense 2/09	00897523	WE ENER-001
0410	6416	5122	631502	3	2009	162,768.93	Electric Expense 03/09	00904155	WE ENER-001
0410	6416	5123	631502	3	2009	69,673.89	Electric Expense 2/09	00897523	WE ENER-001
0410	6416	5123	631502	3	2009	79,720.70	Electric Expense 03/09	00904155	WE ENER-001
0410	6412	5121	631502	4	2009	205,061.72	Electric Expense 04/09	00912760	WE ENER-001
0410	6416	5122	631502	4	2009	116,759.70	Electric Expense 04/09	00912760	WE ENER-001
0410	6416	5123	631502	4	2009	52,341.74	Electric Expense 04/09	00912760	WE ENER-001
0410	6412	5121	631502	5	2009	169,904.41	Electric Expense 05/09	00918897	WE ENER-001
0410	6416	5122	631502	5	2009	124,070.32	Electric Expense 05/09	00918897	WE ENER-001
0410	6416	5123	631502	5	2009	68,985.69	Electric Expense 05/09	00918897	WE ENER-001
0410	6412	5121	631502	6	2009	205,432.94	Electric Expense 6/09	00924953	WE ENER-001
0410	6416	5122	631502	6	2009	116,115.02	Electric Expense 6/09	00924953	WE ENER-001
0410	6416	5123	631502	6	2009	72,142.14	Electric Expense 6/09	00924953	WE ENER-001
0410	6412	5121	631502	7	2009	214,794.46	Electric Expense 7/09	00931131	WE ENER-001
0410	6416	5122	631502	7	2009	124,350.79	Electric Expense 7/09	00931131	WE ENER-001
0410	6416	5123	631502	7	2009	82,296.67	Electric Expense 7/09	00931131	WE ENER-001



0410	6412	5121	631502	8	2009	210,984.82 Electric Expense 8/09	00937178	WE ENER-001
0410	6416	5122	631502	8	2009	160,119.58 Electric Expense 8/09	00937178	WE ENER-001
0410	6416	5123	631502	8	2009	86,755.55 Electric Expense 8/09	00937178	WE ENER-001
0410	6412	5121	631502	9	2009	194,046.55 Electric Expense 09/09	00943176	WE ENER-001
0410	6416	5122	631502	9	2009	149,074.99 Electric Expense 09/09	00943176	WE ENER-001
0410	6416	5123	631502	9	2009	75,545.48 Electric Expense 09/09	00943176	WE ENER-001
0410	6412	5121	631502	10	2009	221,858.83 Expense Distribution	00949636	WE ENER-001
0410	6416	5122	631502	10	2009	137,475.21 Expense Distribution	00949636	WE ENER-001
0410	6416	5123	631502	10	2009	58,829.36 Expense Distribution	00949636	WE ENER-001
						<b>4,077,427.06 2009 PSC 623 Expense thru Oct</b>		
						<b>4,097,698.49 2008 PSC 623 Expense thru Oct</b>		
						<b>(20,271.43) Difference</b>		

City of Milwaukee  
 Retiree Healthcare & Life Insurance Programs  
 GASB 45 Actuarial Valuation  
 Allocation of Annual OPEB Cost  
 Excludes Police & Fire OPEB Costs

Additional GASB 45 Expenses	GENERAL*	% of Payroll (1)
Water Works Fund	\$ 790,969	7.72%
Parking Fund	222,900	2.18%
Port of Milwaukee Fund	52,091	0.51%
Sewer Maintenance Fund	305,490	2.98%
Total Enterprise Funds/Business Type	<u>\$ 1,371,450</u>	

2008 Actuarial GASB 45 Expense*	\$ 24,647,607
Less: 2008 Actuary Pay-Go Contribution*	<u>14,402,128</u>
Additional GASB 45 General Expense*	\$ 10,245,479
Total Enterprise Funds/Business Type	<u>(1,371,450)</u>
Total Gov't Wide Primary Government*	<u>\$ 8,874,029</u>

\* Excludes Police & Fire

Fund	Note (1)		
410 & 420 Water Works		17,674,218.31	7.72%
450 & 451 Parking		4,980,695.20	2.18%
480 & 481 Port of Milwaukee		1,163,966.92	0.51%
490 & 491 Sewer Maintenance		6,826,174.05	2.98%
		<u>\$ 30,645,054</u>	

Total City Payroll - All Funds	425,360,370.03
Police	(125,218,725.53)
Fire	<u>(71,206,271.50)</u>
2008 City Payroll All Funds Less Police & Fire	<u>228,935,373.00</u>

## CITY OF MILWAUKEE – WATER WORKS

### Notes to Financial Statements

December 31, 2008 and 2007

General City employees retiring at age 55 or older with 20 years of service or at age 60 regardless of years of service and covered under the group life insurance plan at retirement are eligible to continue coverage at the level on the date prior to their date of retirement. Firefighters and police officers retiring at age 52 or older with 20 years of service or at age 57 regardless of years of service and covered under the group life insurance plan at retirement are eligible to continue coverage up to their base amount of coverage on the date prior to their date of retirement. Prior to age 65, all retirees are required to pay the full premium rates as established by the insurance carrier, less an adjustment for estimated dividends. The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching the age of 65, those retirees still part of the group life plan have their coverage reduced in accordance with the reduction schedule in effect on their last day physically at work, with the City assuming all future premiums.

*Funding Policy.* The contribution of plan members and the Waterworks are established and may be amended by the City. The required contribution for medical and life insurance for retirees is based on a pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2008, the Water Works and its plan members receiving benefits paid approximately \$1,082,000 and \$30,000, respectively, toward medical and life insurance for retirees. For 2007, the Water Works and its plan members receiving benefits paid approximately \$985,000 and \$40,000, respectively, toward medical and life insurance for retirees.

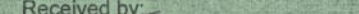

*Annual OPEB Cost and Net OPEB Obligation.* The Water Works' annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Water Works' annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you-go basis), and the changes in the Water Works' net OPEB obligation for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Annual required contribution (ARC)	\$ 1,898,613	1,815,000
Interest on net OPEB obligation	35,550	—
Adjustment to ARC	<u>(31,324)</u>	<u>—</u>
Annual OPEB cost	1,902,839	1,815,000
Contributions made	<u>1,111,870</u>	<u>1,024,710</u>
Increase in net OPEB obligation	(790,969)	(790,290)
Net OPEB obligation at beginning of year	<u>(790,290)</u>	<u>—</u>
Net OPEB obligation at end of year	<u>\$ (1,581,259)</u>	<u>(790,290)</u>

## INTERDEPARTMENTAL REQUISITION & INVOICE

IRI No: S51411273

Requisitioning Department	Received by:	If Questions? Contact:
DPW-Water		
Requested by:	Prepayment	Approved for Payment by:
		
		At Phone Number

ACCOUNT	FUND	ORGANIZATION	PROGRAM	SUBCL	BD YR	PROJECT	DEBIT
636003	0410	6411	5426	R999	2008		19,719.63
636003	0410	6412	5241	R999	2008		9,859.81
636003	0410	6413	0265	R999	2008		9,859.81
636003	0410	6414	5341	R999	2008		78,878.52
636003	0410	6414	5355	R999	2008		49,299.08
636003	0410	6414	5362	R999	2008		19,719.63
636003	0410	6414	5242	R999	2008		9,859.81

Description of Commodities and/or Services with Dollar Estimates to furnish:

TOTALS

197,196.29

Fleet charges for 2ND Quarter, 2008.

See attached for detail

Furnishing Department		Furnished by:		If Questions? Contact:	
DPW-Admin		David C. Lewis		David C. Lewis	
Date Furnished:	Part Bill	Part Bill	Billing Approved By	At Phone Number	
11-Jul-08				x3315	

[illegible]

Comptroller's use only: Entered by:

Date:

JV#

**TOTALS**

197.196.29



## DPW Fleet Services

### Quarterly Statement

Department	<u>Water Department</u>		
Statement Month	<u>2nd Quarter</u>	Statement Year	<u>2008</u>
Vehicle Administration Fee		<u>4,104.83</u>	
Rental -- Permanently Assigned		<u>0.00</u>	
Work Orders: Owned Equipment		<u>92,490.90</u>	
Fuel		<u>100,600.56</u>	
Total Charges -- This Statement		<u>\$197,196.29</u>	

*Thank You!*

## Butzlaff, Kathy - PSC

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**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Monday, November 09, 2009 4:24 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** FW: Rate Increases  
**Attachments:** 2010 RateIncrease req\_FNL.pdf

3720-WR-107 (follow up question #1)

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

---

**From:** Carncross, Connie [mailto:Connie.Carncross@we-energies.com]  
**Sent:** Thu 10/15/2009 8:21 AM  
**To:** Ignatowski, Timothy  
**Subject:** RE: Rate Increases

Hi Tim,

The rate case is still pending. The attachment has the percentages we are asking for in the rate case for all the different rates. I believe this is what you are looking for.

Let me know if you any other questions or concerns Tim. Thanks!

Connie Carncross  
Telephone Account Manager  
We Energies Business Center  
262-650-5202  
Fax: 800-354-3585  
Email: [Connie.Carncross@we-energies.com](mailto:Connie.Carncross@we-energies.com)

Business Services Website:

[www.we-energies.com/business\\_new/index.htm](http://www.we-energies.com/business_new/index.htm)

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---

**From:** Ignatowski, Timothy [mailto:Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Wednesday, October 14, 2009 4:29 PM

**To:** Carncross.Connie  
**Subject:** Rate Increases

What is the status of the latest We Energies rate case and what is the estimated increase? thanks

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

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# 2010 Rate Increase Request

Wisconsin Electric Power Company and Wisconsin Gas LLC (doing business as We Energies) filed a request on March 13, 2009, with the Public Service Commission of Wisconsin (PSCW) to increase rates beginning next year for electric, natural gas and steam utility operations in Wisconsin.

In addition to this filing, in April 2009, we received authorization from the PSCW to refund \$18.8 million to our electric customers in Wisconsin. The request fulfills our commitment to return to our customers any money we over-collected to pay for higher fuel costs in 2008.

Because of continued lower fuel costs this year, we filed another fuel cost adjustment that will lower the rates customers would pay for the remainder of 2009. The result would lower customer electric bills by 2 to 3 percent for the second half of 2009.

This insert will give you more information about:

- Why we are requesting a price increase.
- How the request may affect your energy bill.
- What you can do to use less energy and save money on your bill.





## Reasons for the Request

The filing requests price increases to support:

- Continued investment in the company's Power the Future projects to increase electric reliability. These projects were approved by the PSCW several years ago.
- Upgrades to the state's transmission grid by the American Transmission Company.
- Employee benefit costs.
- Higher operation and maintenance costs.

In evaluating electric operations, we concluded that a \$165.8 million (6.1%) increase can be justified. In light of the economy, however, we are limiting the electric request to \$76.5 million (2.8%). We plan to make up for the difference by:

- Continuing to manage company budgets.
- Spreading out some costs over a longer period of time.

## The Rate Filing Process

This insert provides an overview of our request. Your bills will continue to be calculated using current rates until new rates are approved by the PSCW. Following are the next steps in the process:

- The PSCW will conduct a thorough review of our request and will hold public hearings to discuss the request.\*
- After taking our information and public testimony into account, the PSCW will set new rates. They may be higher or lower than what we originally requested.
- If approved, we anticipate the new rates taking effect in January 2010.

*\*Although the PSCW has not yet scheduled hearings, you can contact the PSCW case coordinator, Mary McIlwee, at 800-358-9246 or via e-mail at [mary.mcilwee@psc.state.wi.us](mailto:mary.mcilwee@psc.state.wi.us) for scheduling information.*

Amount of Request

The rate increases requested are:

Service Type	2010 Request
Electric	\$76.5 million or 2.8%
Natural Gas <i>Wisconsin Gas LLC (Wisconsin Gas) tariffs</i>	\$ 38.8 million or 4.6%
Natural Gas <i>Wisconsin Electric Gas Operations (WEGO) tariffs</i>	\$ 22.1 million or 3.6%
Downtown Milwaukee Steam Utility	\$ 1.6 million or 6.7%
Wauwatosa Steam Utility	\$ 1.3 million or 6.8%

The impact of the requested increases on your bill will vary depending on your rate class and amount of electricity, natural gas and/or steam you use.

The percentages and stated customer class increases for electric service in 2010 will be higher than shown due to (1) the fuel cost adjustment decrease for the remainder of 2009; and (2) the 2010 decrease in the Point Beach credit. We expect the Point Beach credit to expire by yearend 2010.

Electric Prices

We have presented two different electric rate designs for the PSCW’s consideration. One rate design provides the same level percentage increases (2.8%) for each major customer class and the other rate design has percentage increases proportional to each class’ cost-of-service study results.

Proposed Average Monthly Change to Residential and Small Commercial Electric Customers

Customer Class	2010 Average Increase	2010 Cost-Based Increase
Residential*	\$2.88 or 2.9%	\$4.57 or 4.6%
Small Commercial**	\$7.60 or 3.0%	\$12.12 or 4.8%

\*Assumes customer using 750 kWh per month.  
\*\*Assumes customer using 2,000 kWh per month.

## Proposed Average Annual Change to Large Commercial and Industrial Electric Customers

Customer Class	2010 Average Increase	2010 Cost-Based Increase
Large Commercial & Industrial Customers*	2.8%	1.0%

\* Assumes large commercial and industrial firm electric customer. It is difficult to identify any large commercial and industrial electric customer as a typical customer because there are many combinations of rate components that impact bills, which can vary significantly.

## Natural Gas Prices

### Proposed Average Monthly Change to Residential Natural Gas Customers

Service Type	2010 Change
Natural Gas* Wisconsin Gas tariffs	\$3.08 or 3.5%
Natural Gas** WEGO tariffs	\$2.87 or 3.5%

\* Assumes customer using 778 therms per year.  
\*\* Assumes customer using 765 therms per year.

### Proposed Average Monthly Change to Small Commercial Natural Gas Customers

Service Type	2010 Change
Natural Gas* Wisconsin Gas tariffs	\$5.32 or 2.6%
Natural Gas* WEGO tariffs	\$4.86 or 2.6%

\* Assumes customer using 1,900 therms per year.

### Proposed Average Annual Change to Large Commercial and Industrial Natural Gas Customers

Service Type	2010 Change
Natural Gas* Wisconsin Gas tariffs	2.5%
Natural Gas* WEGO tariffs	1.3%

\* Assumes large interruptible commercial natural gas customer using 6 million therms annually. It is difficult to identify any large commercial and industrial natural gas customer as a typical customer because there are many combinations of rate components that impact bills, which can vary significantly.

## Steam Prices

### Proposed Average Monthly Change to Steam Customers

Service Type	2010 Change
Downtown Milwaukee*	\$302 or 6.7%
Wauwatosa*	\$617 or 6.7%

*\*Assumes customer using 400 MLBS of steam per month.*

### We're Working to Control Costs

As a company, we continue working to keep costs as low as possible by improving companywide efficiency while maintaining reliability and service quality.

We've also taken the following steps to control costs in 2009:

- Frozen the base salaries of all officers.
- Tightened operations and maintenance budgets throughout the company.
- Restricted hiring to only critical positions.

### Ways to Save Money on Your Energy Bill

We offer several programs to help you use less energy and keep more money in your pocket.

#### **Residential Customers**

**My Account** – Go online for detailed information about your energy service. You'll get money-saving tips specific to your home and learn more about why your bill changes from month to month. My Account also offers free online bill payment. Enroll at [www.we-energies.com/myaccount](http://www.we-energies.com/myaccount).

#### **Business Customers**

**Business Account Online** – Through a secure Internet connection, you can view and download historic energy use and costs, and project future energy costs with an interactive forecasting tool. Sign up at [www.we-energies.com/bao](http://www.we-energies.com/bao).

### For More Information

If you have questions about our request, please contact us at 800-242-9137 (residential customers) or 800-714-7777 (commercial and industrial customers).





## Butzlaff, Kathy - PSC

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**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Monday, November 09, 2009 4:27 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** FW: Question about pavement cuts

3720-WR-107 (Question # 4)

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

---

**From:** Rotar, Daniel  
**Sent:** Thu 11/5/2009 3:12 PM  
**To:** Ignatowski, Timothy  
**Subject:** RE: Question about pavement cuts

Tim,

In 2008, we changed the way we billed Water for Pavement Cuts. Previous to that year, we billed off of small, yellow sheets that would inevitably get lost or not entered correctly. We are now billing off of actual costs as posted in FMIS. These billings are much more complete and accurate than what was charged previously.

We can run some queries in FMIS for your auditors if they like.

Dan

---

**From:** Ignatowski, Timothy  
**Sent:** Thursday, November 05, 2009 2:41 PM  
**To:** Rotar, Daniel  
**Subject:** Question about pavement cuts

Dan,

The Public Service Commission of WI is auditing us (for a water rate increase). Our pavement cuts were about 1 million higher in 2008 compared to 2007. Did the 2008 charges increase due to more repairs or higher rates charged by the City?? If higher rates, please specify. Thanks.

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435

Fax: 414-286-0531

Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

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## Butzlaff, Kathy - PSC

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**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Monday, November 09, 2009 4:30 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** FW: Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010  
**Attachments:** Milwaukee Water Works billing letter - 2009 - Signed.pdf; C6704RET01-2009-Valuation-New-Funding-Policy Revised 9-8-09 - Table 1B.pdf; C6704RET01-2009-Valuation-New-Funding-Policy Revised 9-8-09 - Table 1C.pdf; C6704RET01-2009-Valuation-New-Funding-Policy Revised 9-8-09 - Table 1A.pdf

3720-WR-107 (Question # 8)

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

---

**From:** Medhin, Menbere  
**Sent:** Tue 10/13/2009 2:04 PM  
**To:** Gehweiler, William; Ignatowski, Timothy  
**Subject:** FW: Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010

FYI.

Menbere

Menbere W. Medhin, C.P.A., C.G.F.M.  
Water Accounting Manager  
Milwaukee Water Works  
841 N. Broadway, Room 409  
Milwaukee, WI 53202  
Phone (414) 286-2810 Fax (414) 286-0531  
e-mail [menbere.medhin@milwaukee.gov](mailto:menbere.medhin@milwaukee.gov)

---

**From:** Lewis, Carrie  
**Sent:** Tue 10/13/2009 1:48 PM  
**To:** Medhin, Menbere  
**Cc:** Smith, Earl  
**Subject:** FW: Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010

---

**From:** Becker, Michael [mailto:[michael.becker@cmers.com](mailto:michael.becker@cmers.com)]  
**Sent:** Tuesday, October 13, 2009 1:33 PM  
**To:** Lewis, Carrie

**Cc:** Morics, Wally; Johnson, Melody; Matson, Martin

**Subject:** Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010

Dear Ms. Lewis:

The Employees' Retirement System (ERS) annually collects from its member agencies certain costs due to the system. The Annuity and Pension Board, at their September 28, 2009 meeting, received and accepted the January 1, 2009 actuarial valuation of the ERS. This report certifies the contributions due from the member agencies as determined in the valuation.

This letter is being sent to inform you that there are amounts due on January 31, 2010 as a result of this valuation.

Actuarial Contributions:	\$1,018,451
--------------------------	-------------

Duty Disability Contributions:	
--------------------------------	--

Total Amounts Due:	<u>\$1,018,451</u>
--------------------	--------------------

I have attached the signed letter from Mr. Allen and the actuarial tables as PDF's to this e-mail and forwarded all originals to you via the mail for your records. If you have any questions please call me.

*Michael G. Becker*

City of Milwaukee  
Employees' Retirement System  
789 N Water Street, Suite 300  
Milwaukee WI 53202  
(414) 286-3502  
[Michael.Becker@cmers.com](mailto:Michael.Becker@cmers.com)



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**City of Milwaukee**  
Employees' Retirement System

**Bernard J. Allen**  
Executive Director

**Thomas A. Rick, CFA**  
Chief Investment Officer

**Martin Matson**  
Deputy Director

October 12, 2009

Carrie Lewis  
Superintendent  
Milwaukee Water Works,  
841 N Broadway – Rm 409  
Milwaukee, WI 53202

RE: Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010

Dear Ms. Lewis:

The Employees' Retirement System (ERS) annually collects from its member agencies certain costs due to the system. The Annuity and Pension Board, at their September 28, 2009 meeting, received and accepted the January 1, 2009 actuarial valuation of the ERS. This report certifies the contributions due from the member agencies as determined in the valuation.

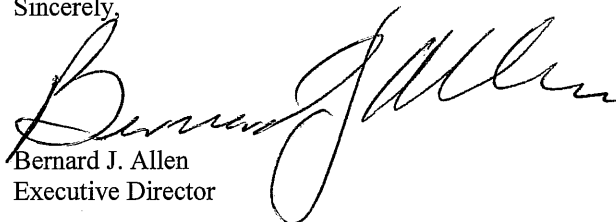
This letter is being sent to inform you that there are amounts due on January 31, 2010 as a result of this valuation.

Actuarial Contributions:	\$1,018,451
Duty Disability Contributions:	

Total Amounts Due:	<u>\$1,018,451</u>
--------------------	--------------------

If you have any questions, please feel free to call Michael Becker of my staff at 286-3502.

Sincerely,



Bernard J. Allen  
Executive Director

BJA:mgb  
ms

CC: Martin Morics, Comptroller – Comptrollers Office, City of Milwaukee

Enclosures: Actuarial Tables 1a, 1b, 1c

Table 1b

**Allocation of Total 2008 Contributions to Employee Groups  
Members in Combined Retirement and Disability Fund  
Amount Due January 31, 2010**

Group	Active Members	Covered Compensation	Fund		January 31, 2010	
			Combined Retirement & Disability	Heart & Lung	Total Due	% of Pay
General City	29	\$ 1,310,952	\$ A 39,158	-	\$ 39,158	2.99%
Water Department	-	-	-	-	-	
School Board	42	1,052,920	C 31,450	-	31,450	2.99%
Milwaukee Technical College	-	-	-	-	-	
Sewerage Commission	1	82,148	E 2,454	-	2,454	2.99%
Veolia	-	-	-	-	-	
Wisconsin Center District	1	7,227	G 216	-	216	2.99%
Housing Authority	2	57,664	H 1,722	-	1,722	2.99%
Policemen	1	64,324	I 5,000	-	5,000	7.77%
Firemen	-	-	-	-	-	
<b>TOTAL</b>	<b>76</b>	<b>\$ 2,575,235</b>	<b>\$ 80,000</b>	<b>-</b>	<b>\$ 80,000</b>	<b>3.11%</b>

Total Agrees to spreadsheet

**REVIEWED**

By mjohns at 2:03 pm, 10/5/09

**Table 1c**

**Allocation of Total 2008 Contributions to Employee Groups  
Combined Fund  
Amount Due January 31, 2010**

Group	Active Members	Covered Compensation	January 31, 2010	
			Total Due	% of Pay
General City	3,570	\$ 176,906,233	\$ 11,922,498	A 6.74%
Water Department	292	15,111,798	1,018,451	B 6.74%
School Board	3,971	110,943,411	7,476,970	C 6.74%
Milwaukee Technical College	3	167,955	11,319	D 6.74%
Sewerage Commission	228	15,838,283	1,067,412	E 6.74%
Veolia	125	7,456,632	502,536	F 6.74%
Wisconsin Center District	96	3,561,485	240,024	G 6.74%
Housing Authority	200	11,733,762	790,790	H 6.74%
Policemen	2,038	129,087,737	24,186,000	I 18.74%
Firemen	900	60,061,502	12,882,000	J 21.45%
<b>TOTAL</b>	<b>11,423</b>	<b>\$ 530,868,798</b>	<b>\$ 60,098,000</b>	<b>* 11.32%</b>

\* Total Agrees with the Allocation of  
Contributions and Duty Disability Amts.xls  
Spreadsheet

## Butzlaff, Kathy - PSC

---

**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Monday, November 09, 2009 4:31 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** FW: 2 Questions about PILOT

3720-WR-107 (Question #9)

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

---

**From:** Radmer, Linda  
**Sent:** Mon 11/9/2009 9:34 AM  
**To:** Ignatowski, Timothy  
**Subject:** RE: 2 Questions about PILOT

1 - These are just estimates. We have not gotten in all of the budget information yet and the mayor can veto items and there can be overrides, etc. The rates as of now are : City of Milwaukee-\$8.91, MATC-\$2.06, MPS-\$10.65. The assessment ratio may change, but it is currently 92%.

2 - The budget increases are based on projections that are TWO years out. I take the information from the previous year and hope that it comes relatively close.

Lastly, there was not an attachment to this e-mail so I have no idea what you wanted me to look at.

Linda Radmer  
Management Accountant Specialist-Senior  
City of Milwaukee-Comptroller's Office  
200 E. Wells St., Room 404  
Milwaukee, WI 53202-2312  
Phone: (414) 286-3104  
Fax: (414) 286-0653  
Email: [lradme@milwaukee.gov](mailto:lradme@milwaukee.gov)

---

**From:** Ignatowski, Timothy  
**Sent:** Friday, November 06, 2009 2:33 PM  
**To:** Radmer, Linda  
**Subject:** 2 Questions about PILOT

Linda, the Public Service Commission of Wisconsin is auditing us (for our water rate increase). They have two questions about PILOT.

1 - Do you have any estimates of the tax rates and assessment ratio for 2009?

2 - Why are the increases on the budget sheet so high in 2010 compared to 2008? In particular, the Local Tax Rate went up 9%, the MATC Tax Rate went up 11%, and the School Tax Rate Rate went up 19%.

Can you help me out? Note attached file.

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

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## Butzlaff, Kathy - PSC

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**From:** Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]  
**Sent:** Wednesday, November 11, 2009 2:47 PM  
**To:** Butzlaff, Kathy - PSC  
**Subject:** FW: Additional Pension Contribution

3720-WR-107 (Question #8) fyi - Medhin is the Water Accounting Manager

Tim Ignatowski  
Accountant III  
Milwaukee Water Works  
841 N. Broadway - Room 409  
Milwaukee, WI 53202  
Phone: 414-286-2435  
Fax: 414-286-0531  
Email: [timothy.ignatowski@milwaukee.gov](mailto:timothy.ignatowski@milwaukee.gov)

---

**From:** Medhin, Menbere  
**Sent:** Wed 11/11/2009 2:45 PM  
**To:** Ignatowski, Timothy  
**Cc:** Lewis, Carrie  
**Subject:**

Hi, Tim. The Employees' Retirement System (ERS) annually collects from its member agencies certain costs due to the system. In the past, due to favorable economic conditions, the ERS had been able to pay such costs out of the earnings it generated from its funds. However now, we are seeing the flipside of that and there came a need to collect from its member agencies to pay for those costs. Though we have not paid in the recent past, the way the system works and pays for its costs has been the same. This is why we have to pay the said amount of \$1.0 Million. We may continue to pay "some amount" until the economy improves. Hard to say now.

Menbere

Menbere W. Medhin, C.P.A., C.G.F.M.  
Water Accounting Manager  
Milwaukee Water Works  
841 N. Broadway, Room 409  
Milwaukee, WI 53202  
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